



# Legislative Report

## Disability Waiver Rate System Family Foster Care Rate Methodology Study

Disability Services Division

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# I. Executive summary

In January 2014, the Minnesota Department of Human Services (DHS) implemented the Disability Waiver Rate System (DWRS). The DWRS transitioned the state from a variable, county-negotiated rate methodology to a standard, statewide methodology for most disability waiver services. The DWRS establishes rates through a framework of cost components. From 2014 through 2019, rates calculated by DWRS have been “banded,” or adjusted, for people with historic rates to ensure continuity of services.

Family foster care services have a DWRS rate framework, but the family foster care service is unique among DWRS services. The family foster care rate framework uses many of the same rate component values as corporate settings, even though these settings likely have different costs. The framework includes staffing hours, which are challenging to calculate for settings where the service provider lives in the home. Payments for this service are also tax exempt for most families who are providing support for people they live with. These challenges result in DWRS rates that do not align with a person’s support needs.

This study proposes a new rate methodology for family foster care that better aligns rates with people’s support needs. Key findings include:

- Most state waiver programs use either a flat or tiered-rate structure for family foster care rather than a cost-based structure.
- Current family foster care rates vary widely.
- DWRS framework rates are higher on average than banded rates, but there is considerable variability within both rate types.
- Banded rates show a stronger relationship with people’s support needs than framework rates.

Based on these findings, DHS proposes a tiered-rate structure for family foster care that assigns a rate based on a person’s needs. This report outlines a methodology for setting rates within the tiered structure by calculating average rates within each tier. Finally, the report outlines a methodology for determining the fiscal impact of new rates by calculating the percent change for individual rates and overall spending.

## II. Legislation

[Laws of Minnesota 2019, 1<sup>st</sup> special session, Chapter 9, article 5, section 89](#)

The legislature required the Department of Human Services to conduct this study and provide recommendations to the legislature. DHS conducted this analysis and drafted the resulting report in accordance with Laws of Minnesota 2019, 1<sup>st</sup> special session, Chapter 9, article 5, section 89, which states:

The commissioner of human services shall develop a new rate methodology for residential services, reimbursed under Minnesota Statutes, section 256B.4914, in which the service provider lives in the setting where the service is provided based on levels of support needs. The commissioner shall submit recommendations to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over human services for the new rate methodology by January 1, 2020.

## III. Introduction

The Department of Human Services (DHS) submits this report to the Minnesota Legislature as required in Laws of Minnesota 2019, 1<sup>st</sup> special session, Chapter 9, article 5, section 89. This law directs DHS to submit recommendations to the legislature on a new rate methodology for residential services where the service provider lives in the setting where the service is provided.

This type of residential service provided under the Medicaid home and community-based services (HCBS) disability waivers in Minnesota is known as family foster care and daily supported living services (SLS). For ease, this report uses “family foster care” as the service name. Family foster care rates are determined by the Disability Waiver Rate System (DWRS).

DWRS establishes service rates through frameworks comprised of cost components. The values of the cost components are set in statute and are based on data and research on the average costs incurred by providers across the state. Cost components in the frameworks consist of provider costs, such as staff wages, employee benefits, program costs and administrative costs. These are challenging to calculate for family foster care settings where the service provider lives in the home. This is more challenging as payments for this service are also tax exempt for most families who are providing support for people they live with. These challenges result in DWRS rates that do not align with a person’s support needs.

This report summarizes the methodology and findings from the study conducted on family foster care rates and rate methodologies. This report also proposes recommendations for a new rate methodology for family foster care based on research results.

### Background

In 2007, the Centers for Medicare & Medicaid Services (CMS) informed Minnesota that its four disability waivers were out of compliance with federal requirements for uniform rate-determination methods and standards. The disability waivers are:

- Brain Injury (BI) Waiver
- Community Alternative Care (CAC) Waiver
- Community Access for Disability Inclusion (CADI) Waiver
- Developmental Disabilities (DD) Waiver.

CMS issued a corrective action plan to Minnesota. It required Minnesota to establish statewide rate-setting methodologies. DHS developed a rate-methodology plan, which led to the DWRS.

In January 2012, DHS and an independent contractor completed extensive research on the cost of providing disability waiver services in Minnesota. This research included a review of national and local independent data sources, as well as a survey on Minnesota disability service providers’ costs and wages.

Stakeholder input has been critical to the development and implementation of DWRS. Since 2009, DHS has met with and received input on DWRS from workgroups that include service providers and lead agency (county and tribal nations) staff. DHS also established a stakeholder advisory committee that has met regularly since 2011.

After stakeholder input and legislative negotiations, the legislature finalized the DWRS during the 2013 session. This system transferred the responsibility of setting service rates from counties and tribal nations to the state. Developing statewide rate methodologies and eliminating county contracts with providers that included county negotiated rates was a major step in meeting the corrective action plan with CMS, and continued federal participation in the waiver programs.

Because of the significance of this change, legislation allowed for a five-year transition period for full implementation of the new system. This transition was known as “banding.” Banding allowed time to adjust the system and ensure it maintained service quality.

In January 2014, the system went live on a rolling basis as people who receive services renewed their service agreements. Lead agencies used the Disability Waiver Rate System to calculate a framework rate for each recipient and service. From 2014 through 2019, rates calculated by DWRS were “banded” to their historic rate. Banding protection limits the amount rates could change for people who had services in 2013. Any service with a start date of January 2020, or after will use DWRS to calculate the rate. Historic (“banded”) rates will no longer apply.

Many states use a life-sharing structure for family foster care services, in which the state contracts with an administrative organization that subcontracts with family foster care providers. The administrative organization handles duties like billing and oversight, and the administrative organization retains some portion of the rate for administrative costs. Some states set a minimum amount that must be paid to providers. Life-sharing is beyond the scope of the present study. The purpose of the present study is narrowly focused on rates and rate-setting methodology, and does not address service structure. Future research is needed to evaluate life-sharing and administrative organization structures.

## **DWRS and family foster care**

Most disability waiver service rates are set by DWRS. In rate-setting statute, [Minn. Stat. §256B.4914](#), these services are categorized into four service buckets: residential services, day services, unit-based services with programming and unit based services without programming.

Family foster care falls into the residential services bucket and includes these specific services:

- Adult family foster care
- Adult daily family supported living services
- Child family foster care
- Child daily family supported living services.

In fiscal year 2018, family foster care accounted for about 5 percent of total DWRS spending (approximately \$97 million).

For several reasons, family foster care is unique among DWRS services that lead to a poor fit between the calculated rate and a person's needs:

- Supports are provided by people who live in the service setting, making the identification of staffing hours for rate calculation challenging
- Many component values are shared with the corporate rate framework (even though these settings can vary greatly and have different costs)
- Unlike other services, family foster care income is not subject to federal and state income tax.

To address this poor fit while continuing to use the statutory framework, DHS has developed new, suggested guidance, with input from lead agencies and services providers, on how to better determine the inputs into the rate framework to better reflect the person's needs, rather than a 24-hour staffing assumption.

## Previous research on Minnesota's rate-setting methodology for family foster care

In 2010, DHS and an independent research firm evaluated the costs associated with DWRS services, including family foster care. That research resulted in DHS recommendations on component values in the frameworks. The research found that family foster care was different from other residential services because the provider lived in the setting where services were delivered, resulting in lower costs.

While family foster care uses a similar framework as another residential service (corporate foster care), it varies in these key ways:

- **The general administrative support ratio is lower.** The general administrative support ratio is a component in the residential frameworks used to calculate rates. Family foster care uses a 3.3 percent value for this component versus corporate foster care, which uses a 13.25 percent value for this component. Family foster care providers typically provide this service in their own home, and therefore, generally do not incur the administrative costs typically associated with providers that operate on a larger scale and/or in a separate location. As such, they may not incur the same administrative costs associated (i.e., human resources, accounting, office supplies, equipment maintenance, facilities management, etc.).
- **The absence factor is lower.** The absence factor is another component in the residential framework used to calculate rates. Family foster care uses a 1.7 percent value versus corporate foster care, which uses a 3.9 percent value. Corporate foster care's framework component includes a utilization factor, but the family foster care component does not. Family foster care providers typically provide this service in their own home and generally do not incur additional



costs that other providers incur to maintain a licensed capacity associated with the utilization factor.

- **The overnight asleep wage is lower.** The family foster care overnight asleep wage is set at 36 percent of the large business minimum wage compared with the corporate overnight asleep wage, which is set at 100 percent of the large business minimum wage. In 2019, this translated to \$3.55 for family foster care and \$9.86 for corporate foster care. The asleep wage was set this way to account for the asleep time being in the provider's own home.

## IV. Study design

### Research objective

This study evaluated potential rate methodologies and existing rate-setting practices for family foster care services under the disability waivers. In addition, it proposes a rate structure and details the impact this structure would have on rates and DWRS revenues.

The purpose of this study is not to propose specific rates for family foster care. Instead, the goal of this study is to propose a structure and to demonstrate a methodology for rate setting within that structure. Thus, although this study does generate example rates, those rates only should be interpreted as an example of how rates could be generated using the proposed process rather than as a specific recommended amount.

### Research questions

The following research questions guided the study of potential family foster care rate methodologies and informed the recommended new rate structure:

- How do other states determine family foster care rates for people on disability waivers?
- What are recent family foster care rates in Minnesota and to what extent do these rates align with people's needs?
- What rate methodology would allow for better alignment between rates and people's needs?
- How could a rate methodology that allows for better alignment be implemented in Minnesota?
- What is the effect of the recommended methodology on people's rates and on overall family foster care spending?

### Study phases

To address the research questions, DHS conducted a study in two phases:

- **Phase 1** determined a rate structure
- **Phase 2** evaluated how the proposed rate structure could be implemented in Minnesota.

In Phase 1, DHS analyzed family foster care rate-setting methodologies in other states and current family foster care rates in Minnesota. This was done in order to identify and recommend a rate structure to improve alignment between rates and people's needs.

In Phase 2, we suggest an implementation strategy. This report offers a suggested methodology for setting rates within the proposed structure and an evaluation of the impact of the proposed structure on people's rates and on overall family foster care spending.

## Methods

To answer the study questions, DHS used the following research methods:

### Phase 1: Determining a structure

- **Literature review:** DHS reviewed family foster care rate-setting methodologies for people on a Medicaid home and community-based services (HCBS) waiver in other states.
- **Data analysis:** DHS analyzed data specific to people on Minnesota's disability waivers who used family foster care (including paid service claims and assessment data).

### Phase 2: Evaluating implementation

- **Data analysis:** DHS analyzed the Minnesota data used in Phase 1 (and new data that was generated) to reflect example rates under the proposed new rate structure.

## Data sources

DHS analyzed paid rates for family foster care for fiscal year 2018 (FY 2018). Because providers can submit claims for up to one year after services are provided, we used FY 2018 to ensure the data were complete and accurate. Analysis excluded DHS-approved rate exceptions and outliers (n = 13). Excluding the rate exceptions and outliers, 1,266 people received family foster care services in FY 2018.

Additionally, DHS analyzed assessment data for all people who received family foster care services in FY 2018. The core data fields of the MnCHOICES Assessment used for this analysis were from the [Long-Term Care Screening documents, DHS-3427 \(PDF\)](#) and the [Developmental Disabilities Screening documents, DHS-3067 \(PDF\)](#). This allowed us to use longitudinal data that is consistent regardless of assessment tools. We used case mixes, self-care and behavior components (which include profile codes) from these documents. People who receive services on CAC, CADI and BI waivers had a case mix and recipients on the DD Waiver had a profile code. We selected case mixes and profile codes because they combine information from the assessments related to self-care, behavior and health into a single score that captures the intensity of a person's needs.

## Definitions

This analysis includes the following definitions:

- **Banded rates:** Rate stabilization adjustments, commonly referred to as "banding," were authorized in [Minn. Stat. §256B.4913](#) during the 2013 legislative session. Rates subject to "banding" are based on service rates from 2013. These rates were intended to ensure ongoing service access, limit impacts of DWRS rate changes and allow time for additional research on framework rates. Banding began with the implementation of DWRS in 2014 and will end in at the end of 2019. Starting in January 2020, all rates will be framework rates.

- **Framework rates:** The [Rate Management System \(RMS\)](#) determines the framework rates. Lead agency staff enter information about services into the RMS and the system uses that information to calculate a payment rate.

## Stakeholder feedback

DHS solicited feedback from stakeholders in the development and completion of this study. We reviewed the final study design, analysis and research findings with the DWRS Advisory Committee in September 2019. The stakeholder feedback contained the following themes:

- The current rate model that includes staffing assumptions requires a lot of training, and more training is needed to help providers determine the appropriate number of staffing hours to enter.
- The proposed rate model links the person's need to their rate. The rate should have a relationship with the person's need so that providers are not incentivized to keep people at home to increase the number of hours they provide services to increase the rate.
- If assessment information is used to determine rates, the assessment components used should sufficiently capture a person's needs.
- When considering the actual rates for the tiers, DHS should consider keeping the funding at its present level (i.e., budget-neutral).

# V. Phase 1: Determining a structure

The first phase of this study addressed the following:

1. How do other states determine family foster care rates for people on Medicaid home and community-based services (HCBS) waivers?
2. What are recent family foster care rates in Minnesota and to what extent do recent rates align with people's needs?
3. What rate methodology would allow for better alignment between rates and people's needs?

The purpose of this phase was to examine rate-setting in other states and current rates in Minnesota, and to use that information to propose a rate methodology that aligns rates with people's needs.

## Methodology

### Literature review

DHS conducted a literature review to analyze how other states determine family foster care rates for people on disability waivers.

As part of this literature review, we gathered available published rate-setting methodology information for family foster care services for people on disability waivers. We also consulted with a national expert to gather additional information that is not publicly available.

The review explored research question No. 1 in addition to:

- What are the rules and practices associated with other states' rates?
- How are services similar to family foster care implemented in other states?

### Data analysis

In addition to reviewing available literature, DHS analyzed Minnesota's paid rates data and assessment data to address research questions Nos. 2 and 3.

DHS conducted two analysis steps to determine what rates were paid for family foster care, what methodology would align rates with people's needs and how that methodology would impact rates and overall spending.

#### Step 1: Analyze recent rates

In the first step, we computed the average rate, the range of rates and the number of recipients who received different rates for people with banded and framework rates.

## Step 2: Analyze alignment between current rates and people’s needs

In the second step, we organized average rates and rate ranges by assessment results to determine whether and to what extent recent rates increased with need.

## Results

### Literature review

DHS consulted with a HCBS rate-setting expert and reviewed available literature to get context on national rate methodologies for services provided to Medicaid HCBS waiver recipients where the provider lives in the home, such as family foster care<sup>1</sup>. We found that:

- **States typically base family foster care rates on historic payments.** States usually set rates dependent on their past practices. That is, they do not use an hourly staffing model that relies on staffing assumptions to determine the rate for each person. Instead, they set the rates for the service based on what they have paid in previous years.
- **Family foster care rates are not standardized across states.** One study reviewed all of the states with services for people with intellectual/developmental disabilities where the provider lives in the home and found that the rates varied widely across states, ranging from \$27 to \$321 a day. This study limited the sample to homes with one to three people, limiting its applicability to Minnesota’s family foster care service.
- **States vary in using a flat-rate or tiered-rate system to pay for services where the provider lives in the home.** Some states use one rate for all people who use family foster care, while other states have tiered rates that correspond to a person’s needs. More states appear to use tiered rates than flat rates to account for the level of intensity of support needs and demand on the provider.
- **Many states do not take the number of residents in one location into account when determining the rate.** The number of residents in a location is not a factor in the rate because most states do not use hourly staffing models as DWRS does. In Minnesota, each person has his/her own rate, regardless of who else lives in the home. That said, most states limit the number of placements to two people for services where the provider lives in the home. A few states use the number of people in the home as a factor to determine the rate. In general, these states do not divide the rate equally among the people who use services. For example, a provider who is serving three people would not get one-third of the rate for each person.

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<sup>1</sup> States vary in the naming, definition and practice of services provided for people with a disability using a Medicaid HCBS waiver service where the provider lives in the service setting. In this report, we are using family foster care as a general term even though the service provided in another state may have a different name and may look different than family foster care for people who use disability waivers in Minnesota.

Instead, the state would pay a lower per-person rate that still results in the provider billing more per day than if they were serving only one person.

- **Most states contract with administrative organizations that subcontract with the family foster care provider.** The administrative organizations handle the administrative duties of the program, such as recruiting, providing oversight and paying for services. The state pays these administrative organizations directly and a portion of the rate goes to the administrative costs. Another portion of the rate is paid to the family foster care provider. The administrative organizations determine how much of the rate is paid to the family foster care provider. Some states have rules for the minimum rate that can be paid to the family foster care provider.
- **The rate paid to the family foster care provider is tax free income.** States typically consider the rate paid to the provider as tax free income (as does Minnesota.)

## Data analysis

Rates paid for family foster care in Minnesota in fiscal year 2018 (FY 2018) varied widely. Framework rates were higher than banded rates on average, but variability existed among both types of rates.

Table 1 shows descriptive statistics on FY 2018 rates.

**Table 1: Descriptive statistics on FY 2018 family foster care rates**

Rate type	Mean	Standard deviation	Minimum	Maximum
At framework	\$233.28	\$115.05	\$16.80	\$1,246.21
Not at framework	\$198.86	\$123.84	\$55.89	\$1,348.98

To examine whether FY 2018 family foster care rates reflected people’s needs, we cross-referenced mean banded and framework rates with assessment results. Table 2 shows mean rates for people with case mixes from the long-term care screening document, and Table 3 shows mean rates for people with profile codes from the developmental disabilities screening document. The MnCHOICES Assessment captures both data elements included in both tables, which creates a consistent and longitudinal data set, regardless of the assessment tool. We calculated average rates for each category that had more than five people who receive services. For people with case mixes, average banded rates increased as the intensity of needs increased for most case mixes. However, framework rates did not show a relationship between a person’s needs and their rate. For people with profile codes, both average banded and average framework rates increased as the intensity of needs increased.

**Table 2: Mean framework and banded rates for people with each case mix on the long-term care screening document.**

Case mix	Description	Mean banded rate	Mean framework rate
A	Low activities of daily living	\$126.97	\$242.32
B	Low activities of daily living with behavior	\$185.54	\$216.80
C	Low activities of daily living with special nursing	\$322.15	NA
D	Medium activities of daily living	\$137.05	\$240.65
E	Medium activities of daily living with behavior	\$232.68	\$255.62
F	Medium activities of daily living with special nursing	NA	NA
G	High activities of daily living	NA	NA
H	High activities of daily living with behavior	\$401.69	\$323.28
I	Very high activities of daily living	\$190.99	NA
J	High activities of daily living, severe neurological impairment, 3+ behavior	\$220.01	\$258.96
K	High activities of daily living with special nursing	\$295.20	\$618.74

**Table 3: Mean framework and banded rates for people with each profile code on the developmental disabilities screening document (n = 527).**

Profile code	Description	Mean banded rate	Mean framework rate
1	High self-care or behavior component	\$259.33	\$304.08
2	Medium self-care and behavior component	\$230.22	\$255.65
3	Medium self-care or behavior component	\$170.27	\$207.52
4	Low self-care and behavior component	\$143.53	\$197.56



## Proposed rate structure

Findings from Phase 1 indicate that many states are moving to a tiered-rate structure and that the current family foster care DWRS framework does not produce rates that align with support needs for most people who receive services. Based on these findings, DHS recommends a tiered-rate structure that assigns a rate based on people's support needs.

Most states base rates on historic payment. Because our analysis indicated that banded rates reflected level of need more accurately than framework rates, we suggest basing rates within the tiered structure on banded rates.

## VI. Phase 2: Evaluating implementation

Based on the results of Phase 1, we examined how a tiered-rate structure could be implemented in Minnesota. Phase 2 addressed the following research questions:

- How could the rate methodology that allows for better alignment be organized in Minnesota?
- How could DHS examine the impact of this revised methodology on people's rates and on overall family foster care spending?

The goal of Phase 2 was to:

- Develop a methodology for assigning people to tiers
- Examine average banded rates for each tier
- Analyze how this structure could impact people's rates and overall family foster care costs.

The goal of this phase was not to determine definite rates family foster care. Instead, we wanted to demonstrate a method that could be used for setting rates within a tiered structure. We recommend further engagement and analysis with providers to determine sufficient rates to support the provision of service.

### Methodology

#### Tier development

Findings from Phase 1 indicated that a tiered-rate structure would allow for better alignment between rates and people's needs. In DHS's [Waiver Reimagine study \(PDF\)](#) (submitted to the legislature in January 2019), we proposed seven tiered, need-based support ranges to determine individual budgets. DHS used six of the Waiver Reimagine support ranges to develop family foster care tiers. To determine how to assign people to tiers, DHS created a crosswalk between current assessment data and Waiver Reimagine support ranges. This method was selected in order to produce tiers that are immediately actionable because they utilize current assessment data, but are also strategic long-term as DHS and stakeholders continue to develop the Waiver Reimagine support ranges.

#### Rate analysis

After determining how people could be assigned to tiers, we examined a process for setting rates for each tier. Because findings from Phase 1 indicated that banded rates had better alignment with people's needs than framework rates, we set rates for each tier based on banded rates. Thus, this phase of the analysis only included people who had a banded and historic rate in fiscal year 2018 (n = 526).

### **Step 1: Assign tiers**

In the first step, we used assessment information to assign each person to a tier using the crosswalk described above.

### **Step 2: Analyze rates for each tier**

In the second step, we computed the average rate for people who receive services in each tier.

## **Impact analysis**

After calculating average rates for each tier, we analyzed how people's rates and overall family foster care spending would be impacted if recipients were assigned the average 2018 banded rate for their tier. For this analysis, we used all family foster care recipients from fiscal year 2018, but we excluded outliers and people with DHS-approved exceptions (n = 1,266). We completed this analysis in three steps.

### **Step 1: Assign proposed rates**

For each recipient, we generated a new data field with each person's proposed rate based on the average banded rate for his/her tier.

### **Step 2: Analyze individual rate changes**

We analyzed how much each person's rate would change if the tiered structure were implemented with the rates assigned in Step 1. Percent change was calculated by dividing the difference in each person's proposed rate and the rate paid in fiscal year 2018, and then multiplying by 100 to yield a percent.

### **Step 3: Analyze change in overall costs**

We calculated what overall costs would be under the proposed structure by multiplying each person's rate by the number of hours they used in 2018. We compared this cost to actual FY 2018 spending. We also compared this cost to the amount that would have been paid if everyone were at framework by multiplying each person's framework rate by their number of hours, and then multiplying the combined framework spending by 1.02 to account for rate exceptions.

## Results

### Tier development

To align current assessment data to support ranges, we developed the crosswalk shown in Table 4.

**Table 4: Crosswalk from long-term care screening case mixes and developmental disabilities screening profile code components (all contained in the MnCHOICES assessment tool) to Waiver Reimagine support ranges.**

Waiver reimagine support range	Long-term care screening case mix	Developmental disabilities screening self-care and behavior components
1: Low general support need, typical health and psychosocial needs	A	Low self-care, low behavior
2: Moderate general support need, typical health and psychosocial needs	D	Med self-care, low behavior
L: Low to moderate general support need, high health and/or high psychosocial support need	B, C, E, F	Low or med self-care, med or high behavior
3: High general support need, typical health and psychosocial needs	G	High self-care, low behavior
4: Extensive general support need, typical health and psychosocial needs	I	No corresponding category
H: High to extensive general support need, high health and/or high psychosocial support need	J, K, H	High self-care, medium or high behavior

### Rate analysis

To determine rates, we calculated the mean banded rate for each proposed tier for all people who had a banded rate in FY 2018. Support ranges 3 and 4 were combined in order to have a sufficient number of people to calculate an average rate. Table 5 shows the average rate for each support range.

**Table 5: Average banded rates paid in FY 2018 for people in each Waiver Reimagine support range (n = 526).**

Waiver Reimagine support range	Mean rate
1: Low general support need, typical health and psychosocial needs	\$133.56
2: Moderate general support need, typical health and psychosocial needs	\$161.06
L: Low to moderate general support need, high health and/or high psychosocial support need	\$174.17
3: High general support need, typical health and psychosocial needs 4: Extensive general support need, typical health and psychosocial needs	\$209.82
H: High to extensive general support need, high health and/or high psychosocial support need	\$262.79

### Impact analysis

We calculated the amount that people's rates would change from the rate paid in FY 2018 to the new rate proposed under this structure if the structure were implemented based on average banded FY 2018 rates. Table 6 shows how many people would experience different rate changes.

**Table 6: Number of people who would experience different amounts of percent change under the proposed structure.**

Change	Number of people	Percent of people
More than 50% increase	187	14.77%
30.01-50% increase	104	8.21%
10.01-30% increase	151	11.93%
Within 10%	217	17.14%
10.01-30% decrease	257	20.30%
30.01-50% decrease	230	18.17%
More than 50% decrease	120	9.48%

## VII. Recommendations

Based on the results of this study, DHS proposes setting family foster care rates using a tiered-rate structure based on people's needs. The proposed structure should include tiers that correspond with Waiver Reimagine support ranges. We recommend assigning people to tiers using the crosswalk developed in Phase 1 of this study that connects current assessment information with future Waiver Reimagine support ranges. However, this tiered structure could be implemented prior to implementation of the Waiver Reimagine support ranges.

Although we generated potential rates for illustrative purposes, we do not view the specific rates generated in this study as our final recommendation. Instead, we propose that within the tiered structure, this study's process could be used to generate and evaluate the impact of new rates. We propose the following options for how rates could be determined within the tiered structure:

- Rates could be based on average banded rates as described in this study.
- The structure could be made cost-neutral by adjusting average banded rates by the percent change in overall spending.
- The state could revisit framework rates after implementing new framework guidance to determine if alignment between framework rates and level of need improves.
- The state should modify family foster care rates within the recommended structure to allow for the provision of additional, supplementary services supported in a family foster care setting. Within the recommended structure, we recommend future research on life-sharing, including modification to rates or service structures if needed to support life-sharing arrangements.
- Prior to making any change to the rate structure, we recommend further engagement with providers and analysis to determine rates across the tiers that support the provision of service.